Notes to the Financial Statements

for the year ended 31st March 2018

1. General Information:

Greaves Cotton Limited (the 'Company') is engaged in manufacturing of engines, engine applications and trading of power tillers, spares related to engines and infrastructure equipment etc. The Company has manufacturing facilities in the states of Maharashtra and Tamil Nadu. The products are mainly sold in India with some export to Middle East, Africa & South East Asia Region. The Company has one direct and one indirect subsidiary.

The company is public limited company incorporated and domiciled in India. The address of its corporate office is 3rd Floor, Motilal Oswal Tower, Junction of Gokhale Road & Sayani Road, Prabhadevi, Mumbai – 400 025.

The Financial statements for the year ended 31st March 2018 were approved by the Board of Directors and authorised for issue on 3rd May 2018.

2. Summary of Significant Accounting Policies

2.1. Statement of compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

2.2. Basis of preparation and presentation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3. Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable.

Notes to the Financial Statements
for the year ended 31st March 2018

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind-AS 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue.

2.4.1. Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4.2. Rendering of services:

Revenue in respect of service is recognised in the accounting year in which when services are performed in accordance with the terms of contract with customers.

2.4.3. Dividend and interest income:

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5. Foreign currencies:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency. Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of transactions. At the end of each reporting period monetary item denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the statement of profit and loss in the year in which they arise except for exchange differences arising on marking forward contracts to market rates are recognised in the statement of profit and loss in the year in which they arise and the premium paid/ received is accounted as expenses/ income over the period of contract.

2.6. Borrowing cost:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the year in which they are incurred.

2.7. Employee benefits:

2.7.1. Defined Contribution Plans:

The eligible employees of the Company are entitled to receive benefits under provident fund schemes defined contribution plans, in which both employees and the Company make monthly contributions at a specified percentage of the employees' salary. The contributions are paid to the respective Regional Provident Fund Commissioner

Notes to the Financial Statements

for the year ended 31st March 2018

and the Central Provident Fund under the State Pension scheme. There are no other obligations other than the contribution payable to the Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme.

Contribution to Superannuation Fund and National Pension Scheme, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund managed by Life Insurance Corporation and various asset management companies under National Pension Scheme and is charged to the statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund & National Pension Scheme.

2.7.2. Defined Benefit Plans:

For defined benefit retirement plans (i.e. gratuity and ex-gratia) the cost of providing benefits is determined using the projected unit credit method, with independent actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

2.7.3. Compensated Absences:

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

2.8. Taxation:

2.8.1. Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted by the end of the reporting period.

2.8.2. Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Notes to the Financial Statements

for the year ended 31st March 2018

2.8.3. Current and deferred tax for the year:

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

2.9. Property, plant and equipment:

Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use. Own manufactured assets are capitalised at factory cost. Certain project related direct expenses, incurred at site for the period upto the date of commencement of commercial production are capitalised.

Depreciation on fixed assets is provided under the straight line method over the useful life of the assets. Extra shift depreciation is provided based on number of shifts for which the plant has worked. Leasehold land is amortised over the primary period of the lease. Leasehold building improvements are written off over the period of lease or their estimated useful life, whichever is lower, on a straight line basis. Residual value of the assets is estimated at 5% of cost. The useful lives of the assets of the Company are as follows:

Asset	Useful lives
Leasehold land	Over lease period
Leasehold improvements	Over lease period
Buildings	30 years
Plant & equipment	15 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	8 years

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books and the resultant profit or loss (including capital profit), if any, is reflected in the statement of profit and loss.

The estimated useful life and residual value is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.10. Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the year in which the property is de-recognised.

Investment property owned by the Company is depreciated under the straight line method over its estimated useful life of 30 years.

2.11. Intangible assets:

2.11.1. Intangible assets acquired separately:

Own developed intangible assets are capitalised at actual cost. Cost includes all expenses incurred for development of the intangible asset, up to the point the asset is ready for its intended use.

Intangible assets with finite useful lives that are acquired separately or own developed are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over

Notes to the Financial Statements

for the year ended 31st March 2018

their estimated useful lives. The estimated useful life and residual value is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.11.2. Derecognition of intangible asset:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss when the asset is derecognised.

2.11.3. Useful life of intangible assets:

Estimated useful lives of the intangible assets are as follows:

(i) Technical know-how is amortised over a period of 5 years.

(ii) Product development is amortised over a period of 3 to 5 years.

(iii) Computer software is amortised over a period of 4 years.

2.12. Impairment of tangible and intangible assets other than goodwill:

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

2.13. Inventories:

Inventories are valued, after providing for obsolescence, as under:

a. Raw materials, stores, spares, packing materials, loose tools and traded goods at weighted average cost or net realisable value, whichever is lower.

b. Work-in-progress at lower of weighted average cost including conversion cost or net realisable value, whichever is lower.

c. Finished goods at lower of weighted average cost including conversion cost or net realisable value, whichever is lower.

2.14. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15. Warranties:

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Company's obligation.

Notes to the Financial Statements
for the year ended 31st March 2018

2.16. Financial instrument:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

2.17. Financial asset:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.17.1. Financial assets at fair value through profit and loss (FVTPL):

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income / Other Expenses' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

2.17.2. Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual rights to receive cash or another financial assets that results from transactions that are within the scope of Ind AS 18, the Company always measures their allowances at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivable, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.17.3. Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.17.4. Foreign exchange gains and losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, exchange differences are recognised in the statement of profit and loss, except for those which are designated as hedging instruments in a hedging relationship.

Notes to the Financial Statements

for the year ended 31st March 2018

2.18. Financial liabilities:

Financial liabilities are subsequently measured at amortised cost or at FVTPL.

2.18.1. Financial liabilities at FVTPL:

Financial liabilities such as derivative that is not designated and effective as a hedging instrument are classified as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss is included in the 'other income / expense' line item.

2.18.2. Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost.

2.18.3. Foreign exchange gains and losses:

For financial liabilities that are dominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains or losses are determined based on the amortised cost of the instruments and are recognised in 'Other income/ Other Expenses'.

The fair value of financial liabilities dominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

2.18.4. Derecognition of financial liabilities:

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

2.19. Derivative financial instruments:

The Company enters into foreign exchange forward contracts to manage its exposure of foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately.

2.20. Contingent liabilities and contingent assets:

Contingent liability is disclosed in the case of:

(i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation

(ii) a present obligation when no reliable estimate is possible, and

(iii) a possible obligation, arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Contingent liabilities and contingent assets are reviewed at each balance sheet date and updated / recognised as appropriate.

Notes to the Financial Statements

for the year ended 31st March 2018

3. Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates:

(a) Employee Benefits:

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

(b) Useful lives of property, plant and equipment & intangible assets:

The Company reviews the useful life of property, plant and equipment & intangible assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(c) Provision for warranty:

The Company gives warranties for its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made at the year-end represents the amount of expected cost of meeting such obligations of rectification / replacement. The timing of the outflows is expected to be within a period of eighteen months.

(d) Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Notes to the Financial Statements
for the year ended 31st March 2018

4 Property, Plant and Equipment

(₹ in Crore)

	Land		Buildings		Plant & equipment	Office equipment	Furniture & fixtures	Vehicles	Leasehold Improvements	Total
	Freehold	Leasehold	Freehold	Leasehold						
Carrying amount										
Balance as at 31st March 2017	3.44	19.64	66.31	0.01	150.13	1.41	6.72	0.24	2.45	250.35
Balance as at 31st March 2018	**3.44**	**19.39**	**66.11**	**0.01**	**144.52**	**1.50**	**6.05**	**0.29**	**1.67**	**242.98**
Cost or deemed cost										
Balance as at 1st April 2016	3.44	19.15	72.69	0.01	206.81	2.60	8.33	0.25	2.71	315.99
Transferred to investment property	-	-	(0.01)	-	-	-	-	-	-	(0.01)
Additions	-	0.92	4.40	-	13.32	0.37	0.74	0.05	1.02	20.82
Disposals	-	-	(2.66)	-	(0.87)	(0.01)	(0.18)	-	-	(3.72)
Balance as at 31st March 2017	**3.44**	**20.07**	**74.42**	**0.01**	**219.26**	**2.96**	**8.89**	**0.30**	**3.73**	**333.08**
Additions	-	-	2.87	-	24.39	0.80	0.26	0.09	-	28.41
Disposals	-	-	(0.33)	-	(12.55)	(0.13)	(1.35)	-	-	(14.36)
Balance as at 31st March 2018	**3.44**	**20.07**	**76.96**	**0.01**	**231.10**	**3.63**	**7.80**	**0.39**	**3.73**	**347.13**
Depreciation										
Balance as at 1st April 2016	-	**(0.21)**	**(5.04)**	-	**(37.39)**	**(0.82)**	**(1.28)**	**(0.02)**	**(0.58)**	**(45.34)**
Depreciation expense	-	(0.22)	(3.13)	-	(32.56)	(0.73)	(0.89)	(0.04)	(0.70)	(38.27)
Disposals	-	-	0.06	-	0.82	-	-	-	-	0.88
Balance as at 31st March 2017	-	**(0.43)**	**(8.11)**	-	**(69.13)**	**(1.55)**	**(2.17)**	**(0.06)**	**(1.28)**	**(82.73)**
Depreciation expense	-	(0.25)	(3.04)	-	(29.84)	(0.70)	(0.78)	(0.04)	(0.78)	(35.43)
Disposals	-	-	0.30	-	12.39	0.12	1.20	-	-	14.01
Balance as at 31st March 2018	-	**(0.68)**	**(10.85)**	-	**(86.58)**	**(2.13)**	**(1.75)**	**(0.10)**	**(2.06)**	**(104.15)**
Carrying amount										
Balance as at 1st April 2016	**3.44**	**18.94**	**67.65**	**0.01**	**169.42**	**1.78**	**7.05**	**0.23**	**2.13**	**270.65**
Transferred to investment property	-	-	(0.01)	-	-	-	-	-	-	(0.01)
Additions	-	0.92	4.40	-	13.32	0.37	0.74	0.05	1.02	20.82
Disposals	-	-	(2.60)	-	(0.05)	(0.01)	(0.18)	-	-	(2.84)
Depreciation expense	-	(0.22)	(3.13)	-	(32.56)	(0.73)	(0.89)	(0.04)	(0.70)	(38.27)
Balance as at 31st March 2017	**3.44**	**19.64**	**66.31**	**0.01**	**150.13**	**1.41**	**6.72**	**0.24**	**2.45**	**250.35**
Additions	-	-	2.87	-	24.39	0.80	0.26	0.09	-	28.41
Disposals	-	-	(0.03)	-	(0.16)	(0.01)	(0.15)	-	-	(0.35)
Depreciation expense	-	(0.25)	(3.04)	-	(29.84)	(0.70)	(0.78)	(0.04)	(0.78)	(35.43)
Balance as at 31st March 2018	**3.44**	**19.39**	**66.11**	**0.01**	**144.52**	**1.50**	**6.05**	**0.29**	**1.67**	**242.98**
Capital work-in-progress										
Balance as at 31st March 2017										7.90
Balance as at 31st March 2018										**4.48**

Carrying amount of Freehold Building includes ₹ 0.10 crore (previous year ₹ 0.13 crore) towards cost of ownership flats in Co-operative Housing Societies/ Condominium.

Notes to the Financial Statements

for the year ended 31st March 2018

5 Investment properties

	(₹ in Crore)
Carrying amount	
Balance as at 31st March 2017	3.86
Balance as at 31st March 2018	**3.66**
Cost or deemed cost	
Balance as at 1st April 2016	**4.35**
Transferred from Property, Plant and Equipment	0.01
Balance as at 31st March 2017	**4.36**
Disposals	(0.07)
Balance as at 31st March 2018	**4.29**
Depreciation	
Balance as at 1st April 2016	**(0.27)**
Transferred from Property, Plant and Equipment@	-
Depreciation expense	(0.23)
Balance as at 31st March 2017	**(0.50)**
Disposals	0.07
Depreciation expense	(0.20)
Balance as at 31st March 2018	**(0.63)**
Carrying amount	
Balance as at 1st April 2016	**4.08**
Transferred from Property, Plant and Equipment	0.01
Depreciation expense	(0.23)
Balance as at 31st March 2017	**3.86**
Depreciation expense	(0.20)
Disposals@	-
Balance as at 31st March 2018	**3.66**

@ Represents amount less than ₹ 1 lac

Rental income from investment property for the year ended 31st March 2017	0.59
Rental income from investment property for the year ended 31st March 2018	0.45
Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31st March 2017	0.18
Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31st March 2018	0.16

Fair value of investment property

The company has obtained valuation of its investment properties from an independent valuer. The fair values were ₹ 16.41 crore (previous year - ₹ 29.20 crore) (Level 2).

Notes to the Financial Statements

for the year ended 31st March 2018

6 Intangible assets

(₹ in Crore)

	Technical Knowhow	Product Development	Computer Software	Total
Carrying Amount				
Balance as at 31st March 2017	5.95	26.59	5.22	37.76
Balance as at 31st March 2018	**5.17**	**21.38**	**3.92**	**30.47**
Cost or Deemed Cost				
Balance as at 1st April 2016	**11.48**	**-**	**5.85**	**17.33**
Additions	0.68	28.85	4.40	33.93
Balance as at 31st March 2017	**12.16**	**28.85**	**10.25**	**51.26**
Additions	2.79	5.50	1.14	9.43
Balance as at 31st March 2018	**14.95**	**34.35**	**11.39**	**60.69**
Amortisation				
Balance as at 1st April 2016	**(3.03)**	**-**	**(2.31)**	**(5.34)**
Amortisation expense	(3.18)	(2.26)	(2.72)	(8.16)
Balance as at 31st March 2017	**(6.21)**	**(2.26)**	**(5.03)**	**(13.50)**
Amortisation expense	(3.57)	(10.71)	(2.44)	(16.72)
Balance as at 31st March 2018	**(9.78)**	**(12.97)**	**(7.47)**	**(30.22)**
Carrying Amount				
Balance as at 1st April 2016	**8.45**	**-**	**3.54**	**11.99**
Additions	0.68	28.85	4.40	33.93
Amortisation expense	(3.18)	(2.26)	(2.72)	(8.16)
Balance as at 31st March 2017	**5.95**	**26.59**	**5.22**	**37.76**
Additions	2.79	5.50	1.14	9.43
Amortisation expense	(3.57)	(10.71)	(2.44)	(16.72)
Balance as at 31st March 2018	**5.17**	**21.38**	**3.92**	**30.47**
Intangible assets under development				
Balance as at 31st March 2017				6.79
Balance as at 31st March 2018				**23.14**

Notes to the Financial Statements

for the year ended 31st March 2018

7 Investments

(₹ in Crore)

	As at 31st March 2018		As at 31st March 2017	
	Nos.	Amount	Nos.	Amount
Non- current (Unquoted)				
7A Investment in subsidiaries (fully paid)				
Equity instruments (at cost)				
Greaves Leasing Finance Limited (Face Value of ₹ 10/- each)	2,50,000	0.29	2,50,000	0.29
Greaves Cotton Middle East FZC (Face Value AED ₹ 1,500/- each)* (liquidated during the year)	-	-	175	0.46
Less: Allowance for diminution in value of investment		-		(0.46)
*Refer Note 2 below				
Sub-total		**0.29**		**0.29**
7B Other Investments				
Investments in Mutual Funds (at fair value)				
Axis Liquid Fund - Direct Plan - Growth	89,675	17.28	89,675	16.17
Aditya Birla Sun Life Cash Plus - Direct Plan - Growth	6,38,977	17.85	6,38,977	16.70
Aditya Birla Sun Life Savings Fund - Direct Plan - Growth	14,61,039	50.25	14,61,039	46.77
HDFC Floating Rate Income Fund - Short Term Plan - Direct Plan - Wholesale Option - Growth	71,85,930	21.83	71,85,930	20.38
HDFC Liquid Fund - Direct Plan - Growth	82,904	28.38	82,904	26.60
ICICI Prudential Liquid - Direct Plan - Growth	11,74,038	30.19	11,74,038	28.26
ICICI Prudential Ultra Short Term - Direct Plan - Growth	47,61,593	8.71	47,61,593	8.15
Kotak Floater Short Term - Direct Plan - Growth	60,583	17.28	60,583	16.17
Kotak Treasury Advantage Fund - Direct Plan - Growth	45,46,714	12.84	45,46,714	11.98
Reliance Liquid Fund - Treasury Plan - Direct Plan- Growth	40,717	17.26	40,717	16.15
Reliance Money Manager Fund - Direct Plan - Growth	1,18,031	28.78	1,18,031	26.87
SBI Premier Liquid Fund - Direct Plan - Growth	84,321	22.97	84,321	21.52
UTI Money Market fund-Institutional Plan - Direct Plan- Growth	88,605	17.28	88,605	16.17
Sub-total		**290.90**		**271.89**
Aggregate carrying value of unquoted investments (Net of provision) - Non current		291.19		272.18

(₹ in Crore)

	As at 31st March 2018		As at 31st March 2017	
	Nos.	(₹ in Crore)	Nos.	(₹ in Crore)
Current (Unquoted)				
7C Other Investments				
Investments in Mutual Funds (at fair value)				
Axis Treasury Advantage Fund - Direct Plan - Growth	1,07,846	21.36	1,07,846	19.91
ICICI Prudential Flexible Income - Direct Plan - Growth	10,50,038	35.16	-	-
IDFC Cash Fund - Direct Plan - Growth	33,355	7.04	-	-
IDFC Ultra Short Term Fund - Direct Plan - Growth	53,11,188	13.17	53,11,188	12.30
Invesco India Liquid Fund - Direct Plan - Growth	1,33,947	32.04	-	-
Invesco India Ultra Short Term Fund - Direct Plan - Growth	64,102	15.68	94,827	21.68
Kotak Treasury Advantage Fund - Direct Plan - Growth	20,07,734	5.67	20,07,734	5.29
L&T Ultra Short Term Fund - Direct Plan - Growth	86,59,188	24.97	86,59,188	23.30
LIC MF Savings Plus Fund - Direct Plan- Growth	43,34,527	11.97	43,34,527	11.16
Reliance Money Manager Fund - Direct Plan - Growth	88,605	21.61	88,605	20.17
SBI Ultra Short Term Debt Fund - Direct Plan - Growth	1,01,159	22.78	1,01,159	21.32
Sub-total		**211.45**		**135.13**
Aggregate carrying value of unquoted investments - Current		211.45		135.13
Aggregate amount of unquoted investment		**447.20**		**379.18**

Notes to the Financial Statements
for the year ended 31st March 2018

7 Investments (Contd.)

Note:
1. The non- current investments in unquoted equity shares of subsidiaries are stated at amortised cost.
2. In the previous year the shareholders of Greaves Cotton Middle East FZC voluntarily decided to liquidate the Company. As on 20th April 2017, as per local laws, the company got liquidated.
3. The fair value of other investments (Non-current and Current) as at 31st March 2018 and 31st March 2017 have been arrived at on the basis of Net Asset Value (NAV) declared by the Mutual Funds (Level 1).
4. Also refer Note 33B.

8 Other Financial Assets

(₹ in Crore)

		As at 31st March 2018	As at 31st March 2017
8A	**Non-current**		
	Security deposits	5.32	5.38
	Margin money deposits	1.75	1.66
	Other assets	0.35	-
	Non-current total	**7.42**	**7.04**
8B	**Current**		
	Export benefit receivables	3.74	2.74
	Security deposits	8.36	7.77
	Derivative financial instruments	0.03	0.40
	Fixed deposit with financial institutions	55.00	21.55
	Interest receivable	1.62	1.42
	Other assets	4.15	6.75
	Current total	**72.90**	**40.63**
	Total	**80.32**	**47.67**

For the financial assets that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are either of short term nature or interest receivable is close to current market rates. Refer Note 33B.

9 Other Assets

(₹ in Crore)

		As at 31st March 2018	As at 31st March 2017
9A	**Non-current**		
	Capital advances	2.50	4.61
	Prepaid expenses	0.06	0.06
	Deposits with Customs, Port Trust, Central Excise etc.	2.00	1.23
	Balances with Customs, Port Trust, Central Excise etc.	7.88	7.77
	Advances to suppliers	-	3.00
	Less: Allowance for bad and doubtful advances	-	(3.00)
	Non-current total	**12.44**	**13.67**
9B	**Current**		
	Advances to suppliers	8.47	13.24
	Prepaid expenses	2.01	0.72
	Balances with Customs, Port Trust, Central Excise, GST etc.	4.75	13.11
	Other advances	-	3.21
	Current total	**15.23**	**30.28**
	Total	**27.67**	**43.95**

Notes to the Financial Statements

for the year ended 31st March 2018

10 Inventories

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Inventories (lower of cost and net realisable value)		
Raw Materials	53.75	50.93
Work-in-progress	5.46	5.54
Finished goods	29.14	51.97
Stock-in-trade	13.80	13.88
Stores and spares	3.98	3.66
Loose tools	3.29	3.43
Total	**109.42**	**129.41**

1. The inventories recognised as an expense include ₹ NIL (previous year ₹ 1.38 crore) in respect of write-downs of inventory to net realisable value.

2.

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Raw Materials include in transit	5.41	4.62
Stock-in-trade include in transit	0.49	0.83

3. The mode of valuation of inventories has been stated in Note 2.13.

11 Trade receivables

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Secured, considered good *	173.59	190.15
Unsecured, considered good	79.10	80.05
Doubtful	23.99	23.75
Allowance for doubtful debts (expected credit loss allowance)	(23.99)	(23.75)
	252.69	**270.20**

Also refer Note 33

* Secured trade receivables are against letters of credit, bank guarantees and security deposits.

Provision Matrix

The company has robust policy of provisioning. The Overdue debtors above 1 year is critically reviewed and necessary provisions between 50% to 100% is done.

12 Cash and cash equivalents

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Cash on hand	0.01	0.02
Cheques, drafts on hand	8.51	4.82
Balances with banks		
In current accounts	21.27	5.18
	29.79	**10.02**

Notes to the Financial Statements

for the year ended 31st March 2018

13 Bank balances other than Cash and cash equivalents

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Term deposits with maturity exceeding 3 months and less than 12 months	-	@
Unpaid dividend accounts	3.30	2.67
	3.30	**2.67**

@ Represents amount less than ₹ 1 lac

14 Assets classified as held for sale

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Leasehold land and buildings thereon	12.59	12.59
Plant and equipment	2.25	2.25
Furniture and fixtures	0.03	0.03
Office equipments	0.14	0.14
Intangible assets	0.01	0.01
	15.02	15.02
Less: Impairment	(6.04)	(6.04)
	8.98	**8.98**

On 18th September 2014, the company discontinued manufacturing operations of Construction Equipment due to non-viability and the related assets of these operations will be eventually disposed off, accordingly these have been classified as assets held for sale.

During the year, the company carried out review of recoverable amount of leasehold land and freehold building. Review led to recognition of impairment loss of ₹ NIL (previous year ₹ 3.44 crore) which has been recognised in the Statement of profit and loss in Note 35. The recoverable value was estimated based on the fair value less cost of disposal of the asset.

15 Equity Share capital

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Authorised		
25,00,00,000 Equity Shares of ₹ 2 each	50.00	50.00
25,00,000 Redeemable Preference Shares of ₹ 100 each	25.00	25.00
Issued, subscribed and fully paid up		
24,42,06,795 Equity Shares of ₹ 2 each	48.84	48.84
	48.84	**48.84**

	No. of shares	₹ in Crore
15A Fully paid equity shares		
As at 31 March 2017	24,42,06,795	48.84
As at 31 March 2018	**24,42,06,795**	**48.84**

Notes to the Financial Statements

for the year ended 31st March 2018

15 Equity Share capital (Contd.)

	As at 31st March 2018		As at 31st March 2017	
	Number of shares held in the Company	Percentage of shares held	Number of shares held in the Company	Percentage of shares held
15B Shares in the Company held by each shareholder holding more than 5% shares				
Fully paid equity shares				
DBH International Private Limited	9,84,69,662	40.32%	9,84,69,662	40.32%
Bharat Starch Products Limited	1,37,75,865	5.64%	1,37,75,865	5.64%
Karun Carpets Private Limited	1,23,08,199	5.04%	1,23,08,199	5.04%

15C Terms / Rights attached to equity shares

(i) The Company has only one class of equity shares having face value of ₹ 2 per share. The equity share rank pari passu in all respects including voting rights and entitlement of dividend.

(ii) In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
15D Dividends		
Interim dividend was declared by the Board of Directors in the meeting held on 5th February 2018, ₹ 4.00 per share.	97.68	-
Interim dividend was declared by the Board of Directors in the meeting held on 14th February 2017, ₹ 4.00 per share.	-	97.68
Final dividend for the year ended 31st March 2017, ₹ 1.50 per share (Proposed by Board of Directors in the meeting held on 4th May 2017 and was approved by Shareholders in the meeting held on 3rd August 2017)	36.63	-
Final dividend for the year ended 31st March 2016, ₹ 1.00 per share (Proposed by Board of Directors in the meeting held on 6th May 2016 and was approved by Shareholders in the meeting held on 26th September 2016)	-	24.43
Dividend distribution tax on above	27.34	25.04

15E On 3rd May 2018, the Board of Directors has proposed final dividend at the rate of ₹ 1.50 per share of face value of ₹ 2.00 (cash outgo ₹ 44.16 crores including Dividend Distribution Tax). This proposed dividend is subject to approval of the shareholder in the ensuing annual general meeting.

16 Other equity

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Reserves and surplus		
Capital reserve	1.34	1.34
Securities premium reserve	34.59	34.59
General reserve	346.18	346.18
Retained Earnings	529.45	490.02
	911.56	**872.13**

Notes to the Financial Statements

for the year ended 31st March 2018

16 Other equity (Contd.)

(i) Capital reserve

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Opening balance	1.34	1.34
Closing balance	**1.34**	**1.34**

This is not available for distribution of dividend but can be utilised for issuing bonus shares.

(ii) Securities premium reserve

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Opening balance	34.59	34.59
Closing balance	**34.59**	**34.59**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Act.

(iii) General reserve

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Opening balance	346.18	346.18
Closing balance	**346.18**	**346.18**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of profit and loss.

(iv) Retained earnings

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Opening balance	490.02	455.88
Add: Profit attributable to the owners of the Company	202.62	180.63
Add: Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(1.54)	0.66
Less: Dividend paid on equity shares	134.31	122.11
Less: Dividend distribution tax paid	27.34	25.04
Closing balance	**529.45**	**490.02**

17 Other financial liabilities

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
17A Non-current		
Employee benefits payable	1.20	-
Non-Current Total	**1.20**	-

Notes to the Financial Statements

for the year ended 31st March 2018

17 Other financial liabilities (Contd.)

(₹ in Crore)

		As at 31st March 2018	As at 31st March 2017
17B	**Current**		
	Employee benefits payable	9.95	7.52
	Others - provision for bonus, commission etc.	7.07	7.70
	Unpaid dividends*	3.30	2.67
	Deposits from dealers	6.53	7.68
	Capital creditors	3.86	5.07
	Provision for interest on MSMED	0.54	1.34
	Derivative financial instruments	0.09	0.27
	Current total	**31.34**	**32.25**
	Total	**32.54**	**32.25**

*There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.

Current financial liabilities are measured at amortised cost as the fair values are not different from their carrying amounts. Refer Note 33B.

18 Provisions

(₹ in Crore)

		As at 31st March 2018	As at 31st March 2017
18A	**Non-current**		
	Provision for employee benefits		
	Ex-gratia	0.42	2.20
	Non-current total	**0.42**	**2.20**
18B	**Current**		
	Provision for employee benefits		
	Compensated absences	8.97	9.65
	Gratuity	3.38	-
	Ex-gratia	0.20	0.24
	Provisions for warranty	9.50	8.96
	Other provisions	1.23	-
	Current total	**23.28**	**18.85**
	Total	**23.70**	**21.05**

Movement in provision for warranties

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Opening balance	8.96	8.19
Provision recognised during the year	10.42	8.59
Amount utilised during the year	(9.88)	(7.82)
Closing balance	**9.50**	**8.96**

The Company gives warranties for its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made at the year end represents the amount of expected cost of meeting such obligations of rectification / replacement based on the historical data available. The timing of the outflows is expected to be within a period of eighteen months.

Notes to the Financial Statements

for the year ended 31st March 2018

19 Deferred tax

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
19A Analysis of deferred tax liabilities presented in the balance sheet:		
Deferred tax assets	16.43	18.44
Deferred tax liabilities	(36.59)	(35.72)
Deferred tax liabilities (net)	**(20.16)**	**(17.28)**

(₹ in Crore)

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
19B Movement in deferred taxes during the year ended 31st March 2018				
Deferred tax asset/(liability) in relation to:				
Depreciation	(32.16)	3.30	-	(28.86)
Provision for post retirement benefits and other employee benefits	4.49	(1.14)	-	3.35
Allowance for doubtful debts and advances	9.26	(0.88)	-	8.38
Fair value of financial instruments	(3.56)	(4.17)	-	(7.73)
Other temporary differences	4.69	0.01	-	4.70
	(17.28)	**(2.88)**	**-**	**(20.16)**

(₹ in Crore)

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
19C Movement in deferred taxes during the year ended 31st March 2017				
Deferred tax asset/(liability) in relation to:				
Depreciation	(36.67)	4.51	-	(32.16)
Provision for post retirement benefits and other employee benefits	3.54	0.95	-	4.49
Allowance for doubtful debts and advances	8.87	0.39	-	9.26
Fair value of financial instruments	(0.34)	(3.22)	-	(3.56)
Other temporary differences	5.57	(0.88)	-	4.69
	(19.03)	**1.75**	**-**	**(17.28)**

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
19D Unrecognised deductible timing differences, unused tax losses and unused tax credits		
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- tax losses (capital in nature)	23.30	27.63
	23.30	**27.63**

20 Trade Payables

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Trade payables		
Due to Micro, Small and Medium Enterprises*	34.54	30.58
Other than Micro, Small and Medium Enterprises	238.42	189.27
	272.96	**219.85**

Also refer Note 33

* The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the Financial Statements

for the year ended 31st March 2018

20 Trade Payables (Contd.)

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Principal amount and interest due:		
Principal amount	34.54	30.58
Interest due	@	0.56
Interest paid by buyer in terms of Section 16 of MSMED Act	-	-
Amount paid beyond the appointed day	18.83	37.82
Interest due and payable to supplier, for payment already made under MSMED Act	0.33	0.48
Amount of Interest accrued and remaining unpaid at the end of accounting year	0.54	1.34
Amount of further interest remaining due and payable even in succeeding years	-	-

@ Represents amount less than ₹ 1 lac

21 Other liabilities

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
21A Non-current		
Other payables	5.75	-
Non-Current total	**5.75**	**-**
21B Current		
Advances from customers	6.78	17.00
Statutory dues	14.04	6.81
Provision for excise duty	-	5.97
Other payables	0.13	-
Current total	**20.95**	**29.78**
Total	**26.70**	**29.78**

22 Revenue from Operations

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Sale of Products		
(i) Finished goods	1,731.76	1,697.15
(ii) Stock-in trade	95.68	115.90
(iii) Service income	9.46	2.73
Other operating revenue		
(i) Royalty	-	0.32
(ii) Export incentive	2.44	2.78
(iii) Others	0.36	0.21
Total	**1,839.70**	**1,819.09**

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind-AS 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures of the period upto 30th June 2017 are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such understanding.

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Revenue from Operations (A)	1,839.70	1,819.09
Excise duty on sale (B)	47.60	184.83
Revenue from Operations excluding excise duty on sale (A-B)	**1,792.10**	**1,634.26**

Notes to the Financial Statements
for the year ended 31st March 2018

23 Other Income

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Interest income earned on financial assets not designated as at FVTPL		
Deposits	2.41	5.66
Other financial assets	0.15	0.36
Dividend income		
From other investments	-	0.40
Fair value gain		
Investments measured at FVTPL	27.30	25.51
Profit on sale of investments (Net)	3.40	5.65
Profit on sale of assets (Net)	0.78	0.46
Exchange fluctuation - gain (Net)	1.09	-
Scrap sales	2.51	1.92
Miscellaneous income	7.65	10.23
	45.29	**50.19**

24 Cost of materials consumed

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Raw materials consumed		
Opening stock	50.93	36.05
Purchases	1,123.72	1,003.48
Less : Closing stock	53.75	50.93
	1,120.90	**988.60**

25 Purchases of stock-in-trade

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Purchases of stock-in-trade		
Power tillers	-	21.90
Lubricant oil	3.53	4.25
Construction Equipment	26.44	19.52
Others	36.00	31.74
	65.97	**77.41**

Notes to the Financial Statements

for the year ended 31st March 2018

26 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Opening inventories		
Finished goods	51.97	47.55
Work-in-progress	5.54	5.36
Stock-in-trade	13.88	12.59
	71.39	**65.50**
Closing inventories		
Finished goods	29.14	51.97
Work-in-progress	5.46	5.54
Stock-in-trade	13.80	13.88
	48.40	**71.39**
	22.99	**(5.89)**

27 Employee benefits expense

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Salaries and wages	145.70	136.75
Contribution to provident funds and other funds	15.58	12.53
Staff welfare expenses	11.52	11.45
	172.80	**160.73**
Less: Capitalised towards product development	5.51	1.41
	167.29	**159.32**

Employee benefit plans

27A Defined contribution plans

The amount recognised as an expense during the year ended 31st March 2018 towards Provident Fund (including admin charges), ESIC contribution and Superannuation & National Pension Scheme is ₹ 7.29 crore (previous year ₹ 6.44 crore), ₹ 0.35 crore (previous year ₹ 0.27 crore) and ₹ 4.34 crore (previous year ₹ 3.66 crore) respectively.

27B Defined benefit plans

The Company has a defined benefit plan (the 'Gratuity Plan'), managed by trusts. The Gratuity Plan provides for a lump sum payment to vested employees at retirement or termination of employment, whichever is earlier, based on the respective employee's last drawn salary and years of employment with the Company. The benefit vests after five years of continued service.

Investment risk	The present value of the defined benefit plan obligation is based on the Indian government security yields prevailing as at 20th February 2018 for estimated terms of obligation. The trustees of the fund have outsourced the investment management to the AMCs. The investments are in Unit Linked Insurance Plans, fixed income funds and debt funds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan obligation is calculated with reference to the published rates under the Indian Assured Lives Mortality (2006-08) Ult table. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries taking into account the inflation, seniority, promotion and other relevant factors.

Notes to the Financial Statements

for the year ended 31st March 2018

27 Employee benefits expense (Contd.)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as a			
	31st March 2018		31st March 2017	
Discount rate(s)	7.65%		6.85%	
Expected rate(s) of salary increase	MGMT : 8%, NMGT : 6%		MGMT : 8%, NMGT : 6%	
Mortality rates	Age(Years)	Rates (p.a.)	Age(Years)	Rates (p.a.)
	18	0.000800	18	0.000800
	23	0.000961	23	0.000961
	28	0.001017	28	0.001017
	33	0.001164	33	0.001164
	38	0.001549	38	0.001549
	43	0.002350	43	0.002350
	48	0.003983	48	0.003983
	53	0.006643	53	0.006643
	58	0.009944	58	0.009944

Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows:

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Service cost:		
Current service cost	1.97	2.43
Past service cost and gain from settlements	1.15	-
Interest on net defined benefit asset	(0.23)	(0.29)
Components of defined benefit costs recognised in profit or loss during the year	**2.89**	**2.14**
Opening amount recognised in other comprehensive income :	**(2.52)**	**(1.51)**
Re-measurement during the year due to:		
Changes in financial assumptions	(1.30)	1.68
Changes in demographic assumptions	(0.59)	
Experience adjustments	3.55	(1.88)
Actual return on plan assets less interest on plan assets	0.69	(0.81)
Closing amount recognised in other comprehensive income :	**(0.17)**	**(2.52)**
Components of defined benefit costs / (income) recognised in other comprehensive income during the year	**2.35**	**(1.01)**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Present value of funded defined benefit obligation	35.88	33.25
Fair value of plan assets	33.22	35.83
Funded status	2.66	(2.58)
Net liability/(asset) arising from defined benefit obligation	**2.66**	**(2.58)**

Notes to the Financial Statements

for the year ended 31st March 2018

27 Employee benefits expense (Contd.)

Movements in the present value of the defined benefit obligation are as follows:

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Opening defined benefit obligation	33.25	32.42
Current service cost	1.97	2.43
Past service cost	1.15	-
Interest on defined benefit obligation	2.05	2.41
Re-measurement due to:		
Actuarial (gains) / losses arising from changes in financial assumptions	(1.30)	1.68
Actuarial gains arising from changes in demographic assumptions	(0.59)	
Actuarial losses / gains arising from experience changes	3.55	(1.88)
Benefits paid	(4.20)	(3.81)
Closing defined benefit obligation	**35.88**	**33.25**

Movements in the fair value of the plan assets are as follows:

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Opening fair value of plan assets	35.83	34.71
Interest income	2.28	2.70
Re-measurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)	(0.69)	0.81
Contributions from the employer	-	1.42
Benefits paid	(4.20)	(3.81)
Closing fair value of plan assets	**33.22**	**35.83**

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

(₹ in Crore)

	Fair Value of plan asset as at	
	31st March 2018	31st March 2017
Cash and cash equivalents	0.18	0.38
Non quoted value :		
Insurer managed fund	33.04	35.45
Total	**33.22**	**35.83**

Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

(₹ in Crore)

	Year ended 31st March 2018		Year ended 31st March 2017	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on DBO	(0.77)	0.76	(0.82)	0.71
Impact of decrease in 50 bps on DBO	0.80	(0.74)	0.87	(0.70)

Notes to the Financial Statements

for the year ended 31st March 2018

27 Employee benefits expense (Contd.)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The average duration of the benefit obligation at 31st March 2018 is 10.59 years, (as at 31st March 2017: 12.16 years).

Projected Plan Cash Flow :

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date :

(₹ in Crore)

Maturity Profile	2017-2018	2016-2017
Expected benefits for year 1 to 3	19.05	16.38
Expected benefits for year 4 and 5	9.52	7.96
Expected benefits for year 6 and above	25.03	26.63

28 Finance costs

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Interest expenses	0.80	0.81
Other borrowing costs	0.01	-
	0.81	**0.81**

29 Depreciation and amortisation expense

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Depreciation of Property, Plant and Equipment (Note 4)	35.43	38.27
Depreciation of Investment property (Note 5)	0.20	0.23
Amortisation of Intangible assets (Note 6)	16.72	8.16
	52.35	**46.66**

30 Other expenses

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Stores and spares consumed	7.12	7.49
Power, fuel and electricity	12.71	13.36
Repairs and maintenance:		
Buildings	0.54	0.62
Plant & equipment	3.93	4.30
Others	1.73	2.43
Excise duty paid	0.10	0.60
Brokerage and commission	1.74	6.54
Rent	10.05	9.76
Lease rentals	2.51	2.26

Notes to the Financial Statements

for the year ended 31st March 2018

30 Other expenses (Contd.)

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Insurance	1.66	1.92
Bad debts/ Advances written-off (i)	2.68	6.03
Less: Allowance for doubtful Debts/advances (ii)	(2.65)	(5.12)
Bad debts/ Advances written-off (i)-(ii)	0.03	0.91
Allowance for doubtful debts/advances	(0.11)	6.13
Rates and taxes	1.44	1.69
Advertisement and sales promotion expenses	9.77	5.41
Travelling	13.00	13.04
Carriage and freight	18.15	17.18
Director sitting fees	0.13	0.14
Printing & stationery	0.61	0.83
Postage, telephone and fax	2.55	2.77
Warranty expenses	10.42	8.59
Legal, professional and consultancy charges	12.18	14.07
Exchange fluctuation - loss (Net)	-	0.25
Contracting expenses	22.49	21.86
Miscellaneous expenses	26.91	29.24
	159.66	**171.39**

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
30A Legal and professional expenses include:		
Auditors' remuneration and expenses		
Statutory audit fees	0.46	0.43
Quarterly limited review	0.15	0.14
Others		
Fees for certification	0.04	0.02
Reimbursement of out-of-pocket expenses	0.02	0.01
Payments to tax auditors		
Tax audit fees	0.08	0.08
Payments to cost auditors		
Cost audit fees	0.07	0.07
Reimbursement of out-of-pocket expenses	@	-
30B Expenditure incurred on corporate social responsibility activities		
(1) Gross amount required to be spent by the company during the year	4.03	3.69
(2) Amount spent during the year on		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.58	-
30C Direct operating expenses arising from investment property		
Direct expenses arising from investment property that generated rental income during the year	0.16	0.18
Direct expenses arising from investment property that did not generate rental income during the year	-	-

@ Represents amount less than ₹ 1 lac

Notes to the Financial Statements

for the year ended 31st March 2018

31 Exceptional Items

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Profit on sale of assets (See Note 1 Below)	47.72	16.35
Employee separation cost (See Note 2 Below)	(0.81)	(4.39)
Allowance for Inventory devaluation	-	(1.38)
Reversal of provision/ (Provision) for Employee pension scheme (See Note 3 Below)	1.26	(4.60)
Exceptional items (net)	**48.17**	**5.98**

1. Profit on sale of assets includes sale of some of Company's immovable properties.
2. During the year, Company carried out rationalisation of manpower to achieve efficiencies in operations and accordingly offered compensation for voluntary separation for the employees.
3. The Company had employees in its branch in UK. The Company used to make yearly provision on regular basis towards the pension liability of these employees. During the previous year, Company decided to buy out the future liability by taking annuities to secure the pension. During the year, the process of buying annuities was completed. Based on final valuation of the annuities the liability got reduced by ₹ 1.26 crore.

32 Income taxes relating to continuing & discontinued operations

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
32A Tax expense recognised in the Statement of Profit and Loss		
Current tax		
In respect of current year		
Continuing operations	90.09	69.77
Discontinued operations	-	(0.02)
Total current tax	**90.09**	**69.75**
Deferred tax		
In respect of current year	2.88	(1.75)
Total deferred income tax expense / (credit)	**2.88**	**(1.75)**
Total income tax expense	**92.97**	**68.00**

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Profit before tax (Continuing & Discontinued business)	**295.59**	**248.63**
Income tax expenses calculated at 34.608% (previous year 34.608%)	102.30	86.05
Differences due to:		
Expenses not deductible for tax purposes (14A disallowance)	-	0.04
Income exempt from Income taxes (dividend)	-	(0.14)
Tax on income at different rates	(5.48)	(6.07)
Deduction u/s 35(2AB) - R&D expenses	(4.81)	(9.42)
Effect of concessions (Long term capital loss set off)	(0.31)	(2.43)
Effect on deferred tax balances due to change in income tax rate	0.17	-
Others	1.10	(0.03)
Total income tax expense (Continuing & Discontinued business)	**92.97**	**68.00**

Notes to the Financial Statements

for the year ended 31st March 2018

32 Income taxes relating to continuing & discontinued operations (Contd.)

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
32B Income tax recognised in other comprehensive income		
Current tax		
Re-measurement of defined benefit obligation	0.81	(0.35)
Total deferred income tax expense	**0.81**	**(0.35)**

33 Risk management

33A Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to stakeholders. The company has no borrowings, except cash credit facilities.

33B Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income & expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are as disclosed in Note no. 7, 8, 11, 12, 13, 17 & 20 to financial statements.

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Financial assets		
Measured at fair value through profit or loss (FVTPL)		
Mutual fund	502.35	407.02
Derivative financial instruments	0.03	0.40
Measured at amortised cost @		
Cash and bank balances	33.09	12.69
Trade receivable	252.69	270.20
Security deposits	13.68	13.15
Margin money	1.75	1.66
Fixed deposit with financial institution	55.00	21.55
Others	9.86	10.91
Financial liabilities		
Measured at Fair value through profit or loss (FVTPL)		
Derivative financial instruments	0.09	0.27
Measured at amortised cost @		
Trade payable	272.96	219.85
Unpaid dividends	3.30	2.67
Deposits from dealers	6.53	7.68
Capital creditors	3.86	5.07
Provision for interest on MSMED	0.54	1.34
Employee benefits payable	11.15	7.52
Others - Provision for bonus, commission etc.	7.07	7.70

@ The management considers carrying amount of financials assets and financial liabilities, recognised in the financial statement, approximate their fair values.

33C Financial and liquidity risk management objectives

(i) The Company has a very conservative policy on investing surplus funds. The investments are in debt schemes of mutual funds and fixed deposits with banks and financial institutions. Highest rated portfolios of the mutual funds are selected with high liquidity.

Notes to the Financial Statements
for the year ended 31st March 2018

33 Risk management (Contd.)

(ii) The average payment terms of creditors (trade payables) is 82 days. In case of MSMED creditors the payment terms are within 45 days. Other financial liabilities viz. employee payments, dealer deposits are payable within one year.

(iii) Trade receivables are secured against letters of credit, bank guarantees and security deposits. At the end of the year, there is no significant concentration of credit risk for trade receivables as only three parties constitutes more than 5% of the total outstanding amount and is fully secured by letter of credit.

(iv) Of the total outstanding as at reporting date, 69% of the total debts are secured receivables. In case of unsecured receivables the company has a credit policy where the provision for debts outstanding is made based on provision matrix to compute the expected credit loss allowance taking into account historical experience of customers and the credit limit as determined by the management.

(v) The products of the Company under engine segment include application of engines in farm equipment and gensets. The products under other segment include products traded by International Business and After Market Business.

33D Foreign currency risk management

The use of foreign currency forward contracts is governed by the Company's strategy, approved by the Board of Directors, which provides principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions for amounts in excess of natural hedge available on export realisations against import payments. The Company does not use forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows.

(₹ in Crore)

	Assets		Liabilities	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
USD	15.41	19.59	8.80	0.41
EUR	1.73	0.92	-	-

(i) This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of the reporting period.

(ii) The company hedges its net exposure in foreign currencies and as such the profit or loss of the company is not subject to foreign exchange fluctuation.

33E Credit risk management

The company has credit policy for its trade receivables. To minimise the risk company takes letters of credit, bank guarantees and security deposits from the customers based on the credit worthiness. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

33F Fair value measurements

This note provides information about how the Company determines fair value of various financial asset and financial liabilities.

(a) Fair value of the Company`s financial assets and financial liabilities that are measured at fair value on recurring basis

Some of Company financial asset and financial liabilities are measured at fair value at end of the reporting period.

Notes to the Financial Statements

for the year ended 31st March 2018

33 Risk management (Contd.)

The following table gives information about how the fair value of these financial assets and liabilities are determined

(₹ in Crore)

Financial asset / Financial liabilities	Fair values		Fair value hierarchy	Valuation technique and key input
	As at 31st March 2018	As at 31st March 2017		
Financial assets				
Mutual fund	502.35	407.02	Level 1	
Derivative financial instruments	0.03	0.40	Level 2	Discounted Cash Flows used by Banks for Mark to Market
Financial Liabilities				
Derivative financial instruments	0.09	0.27	Level 2	Discounted Cash Flows used by Banks for Mark to Market

34 Segment Information

Segment Identification:

Business segments have been identified on the basis of the nature of products/services, their risk-return profile, the organisational structure and the internal reporting system of the Company.

Reportable Segments:

Reportable segments have been identified as per the aggregation criteria specified in Ind AS-108:'Operating Segments'

Segment Composition:

1. Engines include application of engines in farm equipment and gensets.
2. Others include products traded by International Business and After Market Business.

Operating segments:

1. The risk-return profile of the Company's business is determined predominantly by the nature of its products and services.
2. In respect of geographical information, the Company has identified its geographical areas as (i) Domestic and (ii) Overseas.

The expenses and incomes which are not directly attributable to the business segments are shown as central administration costs. Unallocated assets mainly comprise of investments, cash and bank balances, advance tax and unallocated liabilities mainly include tax provisions and provisions for employee retirement benefits.

34A Segment revenue and results

The following is an analysis of the companies revenue and results from continuing operations by reportable segment.

(₹ in Crore)

	Segment revenue		Segment profit	
	Year ended 31st March 2018	Year ended 31st March 2017	Year ended 31st March 2018	Year ended 31st March 2017
Engines	1,766.46	1,756.48	284.91	270.95
Others	73.24	62.61	1.27	4.93
Total for continuing operations	**1,839.70**	**1,819.09**	**286.18**	**275.88**
Other Income (including exceptional items)			84.38	48.66
Central administration costs			(74.16)	(71.60)
Finance costs			(0.81)	(0.81)
Profit before tax continuing operations			**295.59**	**252.13**

Segment revenue reported above represents revenue generated from external customers.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs , investment income, other gains and losses, as well as finance costs.

Notes to the Financial Statements

for the year ended 31st March 2018

34 Segment Information (Contd.)

34B Segment assets and liabilities

(₹ in Crore)

Segment Assets	As at 31st March 2018	As at 31st March 2017
Engines	640.89	681.06
Others	27.29	31.84
Total segment assets	**668.18**	**712.90**
Assets classified as held for sale	8.98	8.98
Unallocated	664.46	523.65
Total Assets	**1,341.62**	**1,245.53**

(₹ in Crore)

Segment Liabilities	As at 31st March 2018	As at 31st March 2017
Engines	291.02	233.32
Others	14.80	16.53
Total segment liabilities	**305.82**	**249.85**
Unallocated	75.40	74.71
Total liabilities	**381.22**	**324.56**

All assets as identified to the reportable segment are shown under respective segment. Assets such as investments and income tax receivables are not allocable to reportable segment.

All liabilities as identified to the reportable segment are shown under respective segment. Liabilities such as employee benefits arising on actuarial valuation and income tax liabilities are not allocable to reportable segment.

34C Other segment information

(₹ in Crore)

	Depreciation and amortisation		Additions to non-current assets	
	Year ended 31st March 2018	Year ended 31st March 2017	Year ended 31st March 2018	Year ended 31st March 2017
Engines	47.52	41.49	35.47	47.15
Others	0.02	-	0.19	0.04
Unallocable	4.81	5.17	2.18	7.56
	52.35	**46.66**	**37.84**	**54.75**

34D Geographical information

The company's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below.

(₹ in Crore)

	Revenue from external customers		Non-current assets*	
	Year ended 31st March 2018	Year ended 31st March 2017	As at 31st March 2018	As at 31st March 2017
Domestic	1,772.04	1,747.45	317.17	320.33
Overseas	67.66	71.64	-	-
	1,839.70	**1,819.09**	**317.17**	**320.33**

Notes to the Financial Statements
for the year ended 31st March 2018

35 Discontinued operations

On 18th September 2014, the Company discontinued manufacturing operations of Construction Equipment (Infrastructure) business due to non-viability and accordingly the related assets of these operations are disclosed as assets held for sale.

Analysis of profit/ (loss) from discontinued operations

The profit / (loss) and cash flows of the discontinued operations are shown below.

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Loss for the year from discontinued operations		
Revenue	-	-
Other gains	-	0.33
	-	**0.33**
Depreciation	-	-
Other miscellaneous expenses	-	0.39
Impairment on assets held for sale	-	3.44
Loss from discontinued operations before tax	**-**	**(3.50)**
Tax expense of discontinued operations	-	0.02
Loss from discontinued operations (after tax)	-	(3.48)
Loss from discontinued operations attributable to owners of the company	**-**	**(3.48)**

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Cash flow from discontinued operations		
Net cash (outflows)/inflows from operating activities	-	(1.06)
Net cash inflows/(outflows) from investing activities	-	7.50
Net cash (outflows)/inflows from financing activities	-	(6.44)
Net cash inflow/(outflow)	**-**	**-**

The manufacturing operations of Construction Equipment (Infrastructure) Business has been classified and accounted for as assets held for sale (see note 14).

36 Earnings per share

	Year ended 31st March 2018	Year ended 31st March 2017
Basic / Diluted earnings per share		
From continuing operations attributable to the owners of the company	8.30	7.54
From discontinued operation	-	(0.14)
Total basic earnings per share attributable to the owners of the company	**8.30**	**7.40**

Basic / Diluted earnings per share

The earnings and weighted average number of equity share used in the calculations of basic earnings per share are as follows.

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Profit for the year attributable to the owners of the company	202.62	180.63
Earnings used in the calculation of basic earning per share	**202.62**	**180.63**
Loss for the year from discontinued operations attributable to the owners of the company	-	(3.48)
Earnings used in the calculation of basic earnings per share from continuing operations	**202.62**	**184.11**

Notes to the Financial Statements

for the year ended 31st March 2018

36 Earnings per share (Contd.)

	Year ended 31st March 2018	Year ended 31st March 2017
Weighted average number of equity shares for the purpose of basic / diluted earnings per share	24,42,06,795	24,42,06,795

37 Related party transactions

List of related parties :

37A Subsidiary Companies

Dee Greaves Limited
Greaves Cotton Middle East FZC (up to 20th April 2017)
Greaves Leasing Finance Limited

37B Promoter and the promoter group companies, where company has transactions during the year

Mr Karan Thapar, Chairman
Bharat Starch Products Limited
DBH International Private Limited
Karun Carpets Private Limited
EICL Limited
Premium Transmission Private Limited

37C Key Management Personnel :

Mr Nagesh A Basavanhalli	Managing Director & CEO from 27th September 2016
Mr Sunil Pahilajani	Managing Director & CEO upto 15th September 2016
Ms Monica Chopra	Executive Director - Legal & Company Secretary upto 25th December 2016
Ms Neetu Kashiramka	Chief Financial Officer from 5th February 2018
Mr Narayan Barasia	Chief Financial Officer upto 5th February 2018

37D Transactions with related parties

The following transactions occurred with the related parties:

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Sales and purchases of goods and services		
Sale of goods		
Promoter group company		
Premium Transmission Private Limited	-	0.01
Purchase of Goods		
Subsidiaries		
Greaves Cotton Middle East FZC	-	0.16

Notes to the Financial Statements

for the year ended 31st March 2018

37 Related party transactions (Contd.)

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Rendering of services/Reimbursement of expenses		
Subsidiaries		
Dee Greaves Limited	@	@
Greaves Leasing Finance Limited	0.01	0.01
Promoter group company		
Premium Transmission Private Limited	0.05	0.19
Rental Income		
Relative of key managerial person		
Mr Akshay Pahilajani	-	0.03
Reciept of services from subsidiaries		
Greaves Cotton Middle East FZC	-	1.02
Other transactions		
Commision and sitting fees paid		
Mr Karan Thapar	1.46	1.82
Lease rent expenses paid to subsidiaries		
Greaves Leasing Finance Limited	0.22	0.22
Lease rent expenses paid to Promoter group company		
Premium Transmission Private Limited	0.03	-
EICL Limited	0.14	-
Dividend paid		
DBH International Private Limited	54.16	49.23
Bharat Starch Products Limited	7.58	6.89
Karun Carpets Private Limited	6.77	6.15

@ Represents amount less than ₹ 1 lac

The following balances were outstanding as at end of the reporting period:

(₹ in Crore)

	Amounts owed by related parties as at		Amounts owed to related parties as at	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Subsidiary Companies	-	-	-	-
Promoter group companies	0.01	0.03	0.03	-

During the year, the company did not enter into any material transaction (as defined in the Company's Policy on Related Party Transaction) with related parties. All other transactions of the company with related parties were in the ordinary course of business and at an arm's length.

The amounts outstanding are unsecured and will be settled in cash. No amounts are written off / written back during the year (Previous Year Nil).

Notes to the Financial Statements

for the year ended 31st March 2018

37 Related party transactions (Contd.)

37E Compensation of key management personnel

The remuneration of directors and other members of the key management personnel during the year were as follows:

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Short-term employee benefits	5.31	5.38
Post-employment benefits	0.20	0.21
Long-term employee benefits	-	0.44
	5.51	**6.03**

Notes :

1. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.
2. Short term employee benefits include incentive paid during the year.

38 Contingent liabilities

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
a) Sales Tax liability that may arise in respect of matters in appeal	6.70	9.16
b) Sales Tax Liability that may arise on account of uncollected 'C' Forms	1.29	1.70
c) Excise Duty liability that may arise in respect of matters in appeal	24.24	5.45
d) Claims made against the Company, not acknowledged as debts	48.91	55.09
e) Bonds executed in favour of Collector of Customs / Central Excise	3.21	12.05
f) Wage demand not acknowledged by the Company in respect of matter in appeal	2.60	1.49

1. The company does not expect any reimbursement in respect of the above contingent liabilities
2. It is not practical to estimate the timing of cash outflows, if any, in respect of matters (a) to (d) and (f) above, pending resolution of the appellate proceedings.

39 Commitments

(₹ in Crore)

	As at 31st March 2018	As at 31st March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	58.41	14.94

40 Operating lease arrangements

40A Certain properties and vehicles are taken on non-cancellable operating lease by the company

(a) Payments recognised as an expense

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Minimum lease payments	2.51	2.26
	2.51	**2.26**

Notes to the Financial Statements

for the year ended 31st March 2018

40 Operating lease arrangements (Contd.)

(b) Non-cancellable operating lease commitments

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
Not later than 1 year	-	0.58
Later than 1 year and not later than 5 years	-	-
Later than 5 year	-	-
	-	**0.58**

40B The lease agreements provide an option to the company to renew the lease at the end of non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

41 Expenditure on Research and Development

(₹ in Crore)

	Year ended 31st March 2018	Year ended 31st March 2017
(a) Revenue expenditure charged to Statement of Profit and Loss (Under Note Nos. 24, 27 & 30)	22.04	19.99
(b) Capital Expenditure	6.38	7.23
	28.42	**27.22**

42 Short Term Finance facilities from Banks and Cash Credit facilities (Nil balance as at Balance Sheet date) are secured by hypothecation of all inventory, spares, tools and book debts, present and future, of the Company. The charges on these assets also extend to letters of credit and bank guarantees up to ₹ 16.88 crore (previous year ₹ 6.57 crore) and ₹ 7.72 crore (previous year ₹ 6.88 crore) respectively.

43 (i) The income tax assets (Net) under non current assets represents the difference between the advance taxes paid for past years net of provisions.

(ii) The income tax liabilities (Net) under current liabilities represents the income tax liabilities for current and past years net of advance taxes paid.

44 Recent accounting pronouncements - Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, 'Income Taxes', Appendix B to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115 'Revenue from Contract with Customers'. The amendments are applicable to the company from 1st April 2018.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

This amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The company does not expect this amendment to have any impact on its financial statements.

Ind AS 115- Revenue from Contract with Customers:

Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Notes to the Financial Statements

for the year ended 31st March 2018

44 Recent accounting pronouncements - Standards issued but not yet effective: (Contd.)

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1st April, 2018.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

For and on behalf of the Board

Kewal Handa
Director

Neetu Kashiramka
Chief Financial Officer

Amit K. Vyas
Company Secretary &
Head Legal

Nagesh Basavanhalli
Managing Director & CEO

Mumbai
3rd May 2018

Information on Subsidiary Companies

FORM AOC-1

(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A" : Subsidiaries

(₹ in Crore)

	Greaves Leasing Finance Limited	Dee Greaves Limited
Date of Acquisition	**Since inception**	**Since inception**
	Financial Year ended 31st March 2018	
A. Share Capital	0.25	0.13
B. Reserves/ Surplus in profit & loss	4.35	0.09
C. Total Assets	4.64	0.23
D. Total Liabilities	0.04	0.01
E. Investments (as per details attached)	3.12	0.21
F. Turnover (including other income)	0.46	0.01
G. Profit/ (Loss) before taxation	0.28	@
H. Provision for taxation	-	-
I. Profit/ (Loss) after taxation	0.28	@
J. Proposed Dividend	-	-
K. Extent of shareholding	100%	-

@ Represents amount less than ₹ 1 lac

Part "B" : Associates and Joint Ventrues

Not Applicable

For and on behalf of the Board

Kewal Handa
Director

Neetu Kashiramka
Chief Financial Officer

Amit K. Vyas
Company Secretary &
Head Legal

Nagesh Basavanhalli
Managing Director & CEO

Mumbai
3rd May 2018